

DARFAL GRAMA DHANYA BANK: A CASE STUDY

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INTRODUCTION

Darfal village's Grama Dhanya Bank (Village Grain Bank) is a unique institution in the sense that it came into being at the initiative of the villagers and completed more than four decades of successful existence primarily because of the contribution of the villagers. It has not come into being because of any external influence. There was no government scheme that led to its formation. Neither any outside NGO came to this backward village to organise the villagers to address their food insecurity. Rather the villagers took upon themselves building of this remarkable institution. People who are involved in shaping this might not have imagined that they were giving shape to a pioneering institution which one day can become a trend setter. Indeed it has become a trendsetter. Many villages in the neighboring area tried to emulate it. But not a single village succeeded in sustaining it. And the uniqueness of Darfal Grama Dhanya Bank lies here. It has become a part of the life of villagers of Darfal.

THE VILLAGE

Darfal village is a part of the Madha taluk, Solapur district of Maharashtra State. It is situated at a distance of 8 kilometers from the taluk headquarters town of Madha. It is 25 kilometers away from another important town Kurdwadi and nearly 150 kilometers away from district headquarter of Solapur.

According to the 1991 population census the village has a population of 2723 belonging to 497 households. Nearly 80% of these households belong to Maratha caste, a peasant caste. Besides them there are about 10 families belonging to Brahmins, 2 Marwari families, 15 Chamar families, 25 Mahar families, 80 Mang families, 10 families belonging to nomadic tribes, 2 Muslim families, 3 Lingayath families and one Tamboli family in the village. Chamar, Mahar and Mang castes are categorised as Scheduled Castes.

Darfal village forms part of semi-arid areas receiving low rainfall. Soils in this area belong to black cotton soils, and alluvial brown soils. Agriculture is the main occupation in this village. In turn agriculture is predominantly dry land agriculture depending on the vagaries of rainfall. Out of 1684 hectares of land in this village unirrigated dry land accounts for 1600 hectares. Only 47 hectares have irrigation source. 37 hectares of land is categorised as culturable waste. This land is being used as grazing pastures for animals from this village. Official records show that there are no fallow lands. But discussion with the villagers brings out the fact that nearly 15 hectares are kept fallow due to insufficient rains. During the year 2001-02 this area received 556.2 mm of rain.

Even under dry land conditions in this village crops are grown in both the agricultural seasons, Kharif and Rabi. In the unirrigated dry lands red gram, maize, green gram, onion and sunflower crops are grown during Kharif season. During Rabi season jowar, wheat, bengal

gram and sun flower crops are sown. Under irrigated conditions sugar cane and onions are grown. Jowar is the important food crop and in this village Maldandi variety of jowar is grown and the same is stored and distributed as part of the village grain bank. The farmers in this village say that atmosphere here is not conducive for paddy crop and hence the same is not grown here.

Self-cultivation is the predominant mode of operation of holdings in this village. Still there are instances of land lease. Here land lease takes the shape of share cropping where in the land owner and tenant share cultivation costs and output equally.

Male labourers are paid Rs.50-60 per day and female labourers are paid Rs.25-35 per day. They are paid in cash only. Only during harvesting of jowar they are paid in kind. Given sufficient rains they find employment round the year in the village.

The nearby markets visited by people from this village are Madha, which is located at a distance of 8 km from Darfal, Kurdwadi at a distance of 25 km and Barshi at a distance of 30 km. Though commercial crops like cotton are given the benefit of minimum support price and is procured through government agencies there is no such treatment towards jowar though it is the most important part of their regular diet.

Jowar is the staple diet for the people in this area. Three times a day in breakfast, lunch and dinner they take jowar roti locally called Bakri. It is supplemented with pulses and vegetables.

Public Distribution System is present in this village. While almost all the families in the village have ration cards only families categorised as below poverty line (BPL) are given rice and these families number about 300. Under this each person in a family is entitled for 3 kgs of rice per month. Others are given only kerosene oil. There are three PDS outlets in the village. They are open for four days after stock arrival. Though Jowar is the most important, staple diet in this area it is not supplied through PDS outlets.

Given the near total dependence on rains for the success of agriculture the most important source of income, this region presents a picture of backwardness. Same is the case with Darfal also. If there is some difference between Darfal and the surrounding villages/area the credit goes to pioneering efforts of a few people like Tukaram Shinde who helped people to liberate themselves from the clutches of grain lenders through their endeavour in setting up the Grama Dhanya Bank in Darfal. The quantum of rainfall makes all the difference to food situation in this area. Good rains mean enough food grain to go around and deficit in rainfall means food deficit. Darfal could escape this as over the years the village people had built up a grain bank with a share capital of more than 1000 quintals of jowar. For the last three years drought like situation is prevailing in this area because of lack of sufficient, normal rains. As a result of this severe water shortage is there. In Darfal also since 1996 no new grain loan is sanctioned and old loan is being renewed after collecting grain towards interest.

Despite its backwardness, because of the efforts of the villagers it had obtained some good infrastructure. A protected drinking water system is there in this village. Water is supplied to the houses through taps. Each household who got a water connection has to pay Rs.360 per year. The village also has a primary school and a secondary school up to 10th standard. In this village there is a private medical practitioner. A government Primary Health Center is located in a nearby village. Surpluses generated through Grama Dhanya Bank contributed to the infrastructure development in the village.

TAKING ROOTS

The origin of the Grama Dhanya Bank of Darfal village can be dated to 1960s. Tukaram Shinde, Vittal Rao Patwardhan and Surana were the pioneers who gave shape to their ideas in order to save poor of the village from the clutches of the money and grain lenders. Among them Tukaram Shinde took the leadership in organising the Grama Dhanya Bank. Though the idea of the grain bank was from Vittal Rao Patwardhan people credit Tukaram Shinde for the success of the bank.

Four decades back the money and grain lenders were fleecing the poor people in the village with usurious interest rates. During the drought periods as there was no income to purchase grain poor people from small and marginal farmers and landless labour families used to borrow grain from big land owners who have grain surpluses and traders. As part of terms of borrowing for borrowing one quintal at the end of 6 months borrower had to repay two quintals. In other words even for half of the year rate of interest is 100%. This lending system was playing havoc with the lives of the poor. The important grain lenders were landlord families numbering about 8 at that time.

This oppressive situation made some members of the village community like Tukaram Shinde sit up and think about the alternatives. Tukaram and others from this village were active in socialist movement and were members of the Rastra Seva Dal, a socialist volunteer force. Their search for alternatives led them to think about setting up a co-operative institution to deal with the situation of lack of grain during lean season with the poor families in the village.

The words socialism and socialist ideas repeatedly appear in villagers explanation of the origin and sustenance of this unique endeavour. It was socialist ideals like end to exploitation that fired the zeal of the pioneers. The founders of this bank had similar thinking and were influenced by socialist ideas. It is their socialist mindset that led them to this solution, a solution to end exploitation by grain and moneylenders in the village. Influence of socialist ideas becomes clear from the fact that well known socialist leaders like Jaya Prakash Narayan, Mrinal Gore and S.M.Joshi visited this village. In fact Jaya Prakash Narayan spent two days in this village. Vonobha Bhavde of Sarvodaya movement also influenced the founders and other villagers.

The effort to save poor villagers from the clutches of grain traders took the shape of Grama Dhanya Bank. In stead of money grain, jowar, has become the unit. The Bank started with 42 members and share capital of 59 quintals of jowar. The contribution from each member depended on ones capacity. While some contributed one quintal some others contributed a few kilograms. First it was given to the needy in the village.

In the initial period grain lenders opposed the grain bank formation. They threatened that field crops and houses of those who join the bank would be burnt down. These grain lenders were small in number but powerful in economic and political terms. The founders of the Bank withstood all these threats. They had the power of numbers and their unity with them. Majority of the villagers stood by them in their struggle against grain lenders and in setting up the grain bank.

Over the period membership of the Bank gradually increased and at present there are 436 members with a share capital of 1069 quintals and loans stood at more than 2000 quintals. Some of the grain lenders who initially opposed the Grama Dhanya Bank became members of the Bank later.

MEMBERSHIP

To be a member of the Darfal Grama Dhanya Bank one should be above 18 years.

According to the existing norms if a person wants to become a member of the Bank he has to give 50 kgs of jowar as his share.

At present one member can have maximum share capital of 5 quintals. Once the share capital reaches 5 quintals, when he borrows jowar the deduction of 5 kgs per each quintal will not be done.

To be eligible to be a member of the Bank and borrow grain from it the person must be resident of the village. Along with that he should have some immovable property in the village like land or house. This stipulation came into being as one family, which migrated in to the village and stayed for a few years also borrowed but by the time of repayment left the village with out clearing the loan. Then the members of the Board made good the loss.

The villagers from other villages who have lands within the village boundaries are also eligible to take loan from the Grama Dhanya Bank. But they need to have some guarantor from the village.

A landless person also will be given membership in spite of he not owning any land, if he owns a house. At present all the families in the village have their own houses. Some immovable property should be there as a form of guarantee against the loan taken.

Nearly 50 families of the village are not members of the Bank. They belong to all sections of the society. About 10 of them belong to landless families. According to some members of the bank some of these non-members from landless families may not be trustworthy, and also some of them are not interested in the bank. They waste their money on drinking and gambling but do not repay the loan. Because of the behaviour of one member of the family the whole family has to suffer. In some such cases when wife of the defaulter pleaded with the Panch Committee/Governing Board and promised to repay their membership was continued. In one case, one member applied for loan of one quintal of jowar. But the Committee sanctioned only 50 kgs. The member refused to accept this and withdrew from the membership of the Bank.

One family can have more than one member and each member is entitled for loan. But the loan will be issued only on the capacity to repay of all the members of the family put together. As a result it was felt that this provision will not adversely affect the less endowed vis-a-vis well endowed of the village.

Members of all sections in the village are eligible to be members and there is no discrimination on the basis of caste and creed. No discrimination will be made on the basis of

caste and community. The present Chairman of the Grama Dhanya Bank comes from Chamar, a Scheduled caste and he previously also worked as Secretary of the Bank.

MANAGEMENT

The Grama Dhanya Bank of Darfal is administered by a 9 member governing board elected by the general body for three years. Out of these 9 members one is Chairman, another Vice-Chairman and the remaining 7 Directors of the Bank. This governing board is called Panch Committee. It meets once in three months.

The Panch Committee is assisted by a Secretary and four helpers in running the Bank. While the Secretary is paid at the rate of one kg of jowar for each quintal of jowar lent, the helpers are paid in terms of grain only at the rate of four quintals per year. While it is the duty of the Secretary to maintain accounts, the helpers help him in measuring the grain and maintaining them.

The Panch Committee functions according to democratic principles. Decisions are taken on the basis of majority. The Chairman has no special privileges like veto power. The governing board cannot take decisions which involve expenditure of more than Rs.10,000. For any proposal that involve more than Rs.10,000 the consent of the General Body of the Bank is necessary.

The Panch Committee decides on who will receive grain loan and how much.

Each year grain collected in the form of interest or the grain left after lending to the members is sold in the market. The Governing Board decides the quantity and rate at which it is to be sold.

The accounts of the Bank are audited every year by one of the members of the Bank. This auditor is appointed by the Panch Committee and will be in office for three years. The report prepared by him is to be submitted to the Board, and later the same will be placed before the General Body for consent. This auditing practice started in 1972. Board decided to have the accounts audited. This measure was meant to maintain transparency in the management of the Dhanya Bank. The auditor is supposed to check all the records and see whether the Board violated any rule.

Though it is functioning, more or less, according to the rules and regulations of the co-operative societies, Grama Dhanya Bank is not registered. The reasons adduced for not getting it registered are that the RBI rules are not flexible and they do not suit village conditions, which change according to the agricultural seasons. As they have the flexibility they could decide on the rate of interest to be collected from the borrowers. During difficult times they either reduce the rate of interest or write it off completely for that year, or they may postpone repayment of the principal amount.

The General Body of the Grama Dhanya Bank is the highest decision making body. It meets once in six months. All the Rules pertaining to the running of the Bank are made in the General Body. Apart from deciding on any expenditure involving more than Rs.10,000. It also decides on the quantum of dividend to be paid to the members of the Bank. At present Rs.50 per quintal is paid as dividend per year. This is going to be increased to Rs.100 from the next year.

The General Body as well as the Panch Committee work on democratic principles. In running the bank decision are taken on the basis of majority only. Villagers contend that out of 100 members 5 may be bad, but majority are good and as democratic principles were followed strictly the minority of bad elements did not pose much of a problem in the management of the bank.

All the members of the Panch Committee, office bearers as well as the Directors, are well versed and thorough with rules governing the bank. Most of the members of the Bank are also familiar with these rules. In fact it has become a part of their life.

At present an attempt is being made to put together all the rules and regulations framed since formation of the grain bank and operative at present. At the same time it is to be recognised that decision making and formulation of rules and regulations in this Bank is a dynamic process and change according to the circumstances and needs of the members. Before making or changing a rule thorough and detailed discussions take place both in the Panch Committee and the General Body.

Once a rule is made there will be no relaxation to any body. No discrimination will be shown in its implementation. For example, even an MLA, who has land within the boundaries of the village but not a resident of the village, has to have a guarantor in order to take a loan from this grain bank. If a poor family is not in a position to repay the stipulated rate of interest that family will be helped to repay but will not be allowed to violate the rules. All the members of the bank strive to follow rules framed by the General Body of which each one is a member. In other words rule of law is institutionalised in managing the Bank.

For smooth functioning of the Bank records are maintained meticulously. Some of the books maintained at the Bank include Membership book, Sanctioning book, Distribution book, Repayment book, Cash book, Receipts book, Bonus book, Ledger of members, etc.

LENDING RULES

The lending and repayment transactions are held once in a year. Usually lending takes place in the months of July and August and repayment has to be done in the months of April-May of the ensuing year. All the grain borrowed need to be repaid in one installment by May. The repayment is scheduled for May because harvesting of Rabi jowar will be over by the month of May and villagers will have stocks of grain to repay with them. The interest is calculated on annual basis.

The lending of grain is scheduled for July and August is because by this time families in the village will be clear about the grain stocks with them and additional grain needed to see them through the year. While farmers get grain from their fields, those who depend on wage labour get it from harvesting wages. The gap between their annual requirement and stocks with them will be sought to be filled by borrowing from the Grama Dhanya Bank. Some times farmers also borrow jowar from the Bank for seed purposes. Some people borrow it in order to meet their other requirements. For this grain will be sold in the market and cash will be used to meet their requirement. But while repaying it should be in grain only.

According to the lending rules for every one quintal loan five kgs would be deducted as share capital. After one year he has to repay one quintal and twenty kgs, as the rate of interest is

20%. This deduction from the loaned amount will stop once share of the member reaches 5 quintals.

At present loan limit per each member is kept at 9 quintals.

While lending the capacity to repay of the borrower will be taken into account.

A person can borrow more than his capacity as decided by the Panch Committee if he can get another member of the Bank as guarantor to guarantee the repayment of the loan. For this also consent of the Panch Committee is necessary. If this person fails to repay in time his guarantor in case he wants take loan next time he also should have a guarantor. If a person defaults on repayment from the next year onwards he also should get a guarantor in order to borrow jowar from the Grama Dhanya Bank. This rule will apply for three years.

The rule of guarantor is in operation almost since its beginning. If a person defaults on loan repayment then its guarantor in turn has to come with a guarantor from the next year. If a person owns land within the boundaries but does not stay in that village then he also should have a guarantor from that village if he wants to borrow jowar. No exceptions are entertained. The local MLA is a member of the Bank but he does not stay in the village. In spite of he being a MLA he was also asked to have a guarantor.

Only Rabi grain is stored/distributed as in this area jowar is grown during Rabi only. In Kharif pulses like red gram and green gram are grown.

In the beginning grain loans were given to the needy in the village even if they were not the members of the Bank. After two years this rule was changed and only members of the Bank are given loan. This rule came in to being to see that there was no non-repayment of loan. Though thinking behind the origin and running of the bank remained the same the management of the bank over the period required new rules and regulations in order to sustain it self as an institution and continue to serve the villagers.

The rate of interest is decided by the General Body. The present ruling rate of interest is 20%. But recovery need not be at this rate. During difficult times like droughts terms of loans will be changed. Either rate of interest is reduced or payment of interest or principal amount is postponed or even payment of interest is written off. During the current year because of poor crops only interest was collected and the loans are renewed i.e., principal quantity of grain is kept like that as loan.

If there is a general failure, a general exemption will be announced. If only one or a few persons are in difficulty, he will not be allowed to violate the rules. But he will be helped, he will be asked to repay as much as he can and asked to take help/loan from others, and he will be given a new loan.

If a person becomes a habitual defaulter despite the efforts of the Panch Committee to help him his loan will be adjusted against his share and he will be expelled from the bank. The loan is issued on the basis of their repaying capacity. Repaying capacity of the members is assessed by the Panch Committee. The members should be able to repay the grain at one time, after the Rabi harvest in April-May.

From this it appears that lending is not need based, but based on capacity to repay. But this may not be totally true. A member can borrow more grain than his capacity as decided by the Panch Committee if he can get another member of the bank to stand as guarantor.

For borrowing grain from the bank members have to submit a duly filled Application Form. This Form was designed in 1972 when Mr. Ramachandra Kamble, the present Chairman, was the secretary.

Grain collected as interest is sold in the market. But even this grain could have been given as loan. According to the office bearers of the bank some families/members do not need grain. Other families already borrowed according to their capacity so are not entitled and do not get any more loans.

OTHER INSTITUTIONS IN THE VILLAGE

In Darfal village apart from the Grama Dhanya Bank there are other organisations and institutions. There are self help groups, women's development programme organisation which are not registered in this village. There is also a village based co-operative society and a branch of the District Co-operative Credit Bank which are registered. There is primary school and secondary school which are being run by a registered village based trust. These schools cater to the needs of four other neighbouring villages also.

In this village there is a multi purpose co-operative society called Vikas Seva Vivid Karyakari Sahakari Society (Multipurpose Co-operative Society). This was established much earlier than the Grain Bank. It has a godown with a capacity to store 10,000 quintals. This godown was used to store members grain. Some times grain stored in the godown was be used by the farmers as a security to obtain loans from the co-operative credit society. From 1967 onwards this godown was handed over to the Grain Bank. According to the agreement the Grain Bank will not be paying any rent to the Cooperative Society but has to bear the expenses of repairs to the godown. This became possible as secretary and other office bearers of the Society are also members of the Bank and they also officiated as Directors of the Bank at one or the other time.

Navabharat Vidyalaya, name of the village school, is being run by the Sikshana Prasashak Mandal, Darfal based registered society established to run the school. The school is fully aided and as a part of it receives funds from the state government to pay salaries of the teachers and meet some part of the running expenditure. The school received substantial help from the Grama Dhanya Bank. The Grama Dhanya Bank donated Rs.1.40 lakh for construction of school buildings. Again membership of this Trust and Panch Committee also overlap.

The village Panchayat depends on the grain bank as it does not have any income sources. Even when the Bank extends assistance to the Panchayat it does not give money but gives the material needed to carry out specific activities and programmes. This is in order to see that there is no corruption while implementing the programme. Until now the Bank has contributed Rs. 38 lakh for the village development.

Darfal village is located on the banks of a rivulet Seena flows near the village. In order to benefit from it a lift irrigation scheme was implemented. The scheme was to benefit nearly 500 acres of land in the village belonging to 100 families. But this scheme did not last long as

the water available in the rivulet is less than expected. The society meant for running it had become non-functional. Besides this, bore wells in the individual farmers' fields led to the farmers paying less attention to the lift irrigation scheme. At present there are said to be nearly 30 bore wells in the village irrigating on the average 5 acres under each bore well. These bore wells are powered by electric motors. Availability of loans to drill bore wells was also mentioned as a factor in the spread of bore wells. The natural constraints like black cotton soil and rocky nature of the underground are limiting the spread of bore wells further. Compared to the success of the grain bank failure of this lift irrigation scheme raises many issues. Lack of sufficient water in the rivulet may not be the only or main reason.

STORING PRACTICES

In the beginning jowar was stored in underground structures locally called 'Pave'. They are more like pits dug in to the ground. While storing the walls were lined with jowar straw bundles. The Bank used to maintain 5 Paves each one capable of storing 500 quintals. Since 1967 jowar was stored in the godown of the Co-operative Society. Now Paves are not being used. One of the Pave became disfunctional as a over head water tank supplying drink water to the village was constructed just by the side of it. Some others are lying unused as water pipelines are passing by their sides.

BHC is used against pests in the godown. In the case of individual storage neem leaves are also used. Though the grain bank is not using Paves any more some individual farmers still use Paves for storing their grain.

IMPACT

The important contribution of the Darfal Grama Dhanya Bank is to meet the food security needs of the village. While total share capital of the Bank stands at 1042.79 quintals, total grain being circulated as loans is nearly 2000 quintals. This amount of grain available to the villagers apart from the produce every year is a sure sign of food security. Out of 500 households in the village 436 are members of the Bank. Every year the number of members in the Bank is changing. While some leave the Bank others join it. In 1990 the number of the members stood at 490 almost covering the whole village. At present the total number of borrowers is 355.

While substantial proportion of the households in the village have access to food grain because of this Bank its impact may be different on different sections of the population. The impact of compulsory share to be member of the grain bank will be different on different households. A landless labourer who borrows one quintal per year at an interest rate of 20% to deposit half of it at a dividend of Rs.50 – 100 per quintal of share capital will not be profitable. But, for the surplus farmers foregoing one quintal at a dividend of Rs.50 may not be a big problem! There was an instance of landless member of the Bank withdrawing from the membership when the Panch Committee approved to give a loan of 50 kgs of jowar only. In this instance while he has to pay 10 kgs of jowar as interest valuing Rs.50 to 70 rupees depending on the market price for borrowing 50 kgs, he will get Rs.25 only as dividend for his share of 50 kgs in the Bank. Whatever may be the reasons behind Panch Committee's decision for him to leave the Bank is profitable.

Because of assured availability of food grains in the village migration in search of food and work has come down. In their memory major migration of villagers from this village in

search of employment and food took place in 1972. Since then there is no significant migration due to difficult times. Now a small number of people go to nearby towns like Madha and Kurdwadi. This is more out of choice rather than because of compulsion. Some persons from Darfal are also running businesses from Madha town.

Every year, except during very severe drought when interest payment was written off, the Bank is earning surpluses amounting, on the average, to about Rs.1 lakh per year. (On a loan of 2000 quintals of jowar the bank will get 400 quintals as interest. Out of this 32 quintals will go to the Secretary and the helpers for running the Bank. Usually the remaining jowar obtained as interest is sold in the market. At the rate of Rs. 500 per quintal income of the Bank will be about Rs.1.83 lakhs) The Bank was contributing this money to various village development activities. Since its inception the Bank has contributed Rs. 38 lakh to the village development. It contributed Rs.1.40 lakh for the school in the village and Rs.2.5 lakh were contributed for roads and sanitation in the village. Other items on which contributions were made include Hanuman temple, grave yard, Community Hall (Samaj Mandir), Ghat at the river, Latrines, Gym (Talim), Library, Prayer Hall (Bhajan Mandir), protected drinking water, street lights.

At present nearly 250 government employees hail from this village. They also contribute money for the village development. Some times their contributions reach Rs.1 lakh in a year. Their contribution is mostly used for purchasing school uniforms for the poor students.

Though grain lenders have become part of history/folk lore, the moneylenders who charge exorbitant interest still exist in the village. They charge a rate of interest of 2% to 10% per month according to the need of the borrowers.

Bank balance of the grain bank on 31st May, 2002 is Rs.3,43,227.

CONTRIBUTING FACTORS FOR SUCCESS

Success and sustenance of Darfal Grain Bank while similar attempts in many surrounding villages makes one sit up and take note of the fact. Other villages in the area tried to replicate the same in their villages but failed to sustain it beyond a short time. This success also makes one to delve deep to understand the facts and factors responsible for its success.

One of the important factors for the success of this bank is the way rules governing the bank are formulated and implemented. All the rules and regulations are made in a transparent manner. They are discussed in detail in the Panch Committee as well as the General Body and they become effective only when majority of the General Body vote for them. Because of this greater participation there is corresponding awareness about these rules. All the office bearers of the bank and most of the members are thorough in their knowledge of rules. It is no exaggeration to say that these rules of the bank have become a part of their village life.

Once the rules are made equal vigour and consistency is shown in its implementation. All are equal before these rules and no exceptions are allowed. The rules are the same for the poor and the well-off. No relaxation of rules is allowed except under exceptional circumstances and that too under the approval of the General Body where decisions are taken on majority basis.

It is this consistent adherence to rules that differentiates Darfal Grama Dhanya Bank from similar attempts in other villages. It is this rule of law that has seen it through many ups and downs. In other villages clear rules were not laid for lending grain like who is to be given how much and how this need to be repaid. Even if rules are formulated they were not consistently implemented. For example in Jamgaon, one of the neighboring villages which tried to replicate Darfal model, 20 years back one person was sanctioned 100 quintals of jowar. Purchase of tractor was shown as the reason for that loan and the Directors of that village sanctioned it without thinking about its consequences. Ultimately that borrower did not return the grain and Directors could not do any thing. As a result of this ultimately that bank was closed down. This shows the need for proper rules governing the functioning of the Bank and competence and integrity of the Directors in implementing them. Compared to this in Darfal one member will be allowed to borrow not more than 9 quintals.

Similar is the experience of another village Undargaon where attempts were made twice to set up such a bank and on both the occasions the attempts proved to be futile. In the first attempt in 1970s initiative was taken by Mr.. Prakash Maske the then Deputy Chairman of Solapur district's Zilla Parishad. It was folded up after two years of existence, as those who borrowed did not repay properly. In the end Mr.Prakash returned shares of the members and closed the bank. A decade later another attempt was made by Mr.Shiv Kaka who had some following in the village. This time grain bank functioned for five years. Share holders' number increased from 30 to 50. There were no clear criteria for giving grain loans. Those who were nearer to Mr. Shiv Kaka were preferred. Those who received loan as a favour did not show interest in repaying. Also, those who got more than their share did not repay. There were also no serious efforts to recover grain given as loan. Because of the avarice of the members and favouritism shown by the leadership again grain bank had to be closed. After that no attempt was made to revive it.

Greater participation of the members of the bank and principles of democracy followed in its functioning explains the success of this unique grain bank. This bank is organised by the people for the people of this village. This process also generated a sense of belonging among the villagers in general and members of the bank in particular.

Transparency in the management of the bank is another important factor in its success. Major decisions affecting the bank are taken in the open meetings of the General Body. The decisions taken by the Panch Committee/Governing Board are also discussed in the open forum. This obviates the possibility of any favouritism/nepotism creeping in. Further, the evolution of auditing practice helped to uphold the transparency. In fact it was meant to make the working of the bank transparent.

Another factor that contributed to the success of the Bank is the committed, capable and efficient leadership. It is also one of the factors that differentiates Darfal from other villages where attempts were made to set up similar grain banks. The villagers particularly remember selfless service rendered by Tukaram Shinde in seeing that Darfal Grama Dhanya Bank becomes a sustainable institution. He was associated with the bank for two decades. He passed away in 1983. The villagers who took up the posts of Chairman, Vice-chairman, Directors, and Secretary over the period also discharged their responsibilities scrupulously. The examples set by pioneers like Tukaram Shinde and Vittal Rao Patwardhan inspired the villagers to take the working of the bank to their heart. The above examples of Jamgaon and Undargaon show that incapable and compromising leadership was one of the important factors responsible for the closure of grain banks in these villages. Same is the case with

another village Vakav. In this village grain bank functioned for nearly a decade. But it had to be closed down, as the directors of the bank were not able to run it properly.

Unity among the villagers is another important factor contributing to the success of the grain bank in Darfal. And this unity is one of the recurring themes in the villagers' explanation for the success of the bank. Added to this, the people of this village are of an understanding nature. One of the Directors attributes this to the positive outlook of the villagers compared to cynicism prevalent in other villages. Confidence in each other and mutual trust among them are helping to cement the bond among the people of Darfal. The Grama Dhanya Bank has become a part of the life in the village. It has become a source of pride for the villagers.

A sense of belonging and ownership of the bank permeates among the villagers. They are very conscious about this bank and take it as a matter of pride. Despite party politics they could achieve this. The villagers feel, "this is our grain bank".

The Darfal Grama Dhanya Bank was born out of the necessity, the necessity of securing food without being caught in the debt trap of money and grain lenders. The feeling or understanding of this necessity has an important role to play in the success of this bank. The success of the bank in keeping the grain lenders at bay increased their confidence in the bank and led them to cooperating with the management of the Bank.

Two other words apart from Tukaram Shinde that recur again and again in the villagers' narration of the origin and working of the bank are 'socialism' and 'Jayaprakash Narayan'. Jayaprakash Narayan was one of the important leaders of the socialist movement in the country. In fact, Jaya Prakash Narayan spent two days in this village. Other well-known socialist leaders like Mrinal Gore and S.M. Joshi visited this village. Rastra Seva Dal, a volunteer force of the socialist party and in which Tukaram Shinde worked, is the moving force in the organisation of the bank. The villagers attribute the success of the Grama Dhanya Bank to the socialist outlook of Jayaprakash Narayan. Though the villagers/members of the bank are not familiar with the nuances of socialist theory, it is the work for common good and stopping exploitation by grain lenders that have become rallying points in organising this bank. And this thinking had its role in the success of this bank.

Though socialist ideas and ideals strongly influenced the formation of this grain bank, no petty party politics are allowed to influence the management of the Bank. From the time of its inception, there was a lot of change in the political scenario. Not only at the national/state level but at the village level also the presence of socialist parties (even in its later avatar/version of Janata Dal) has become minimal. At present, different political parties have a presence in this village. They are Congress, National Congress Party, Bharatiya Janata Party, Shiv Sena. The village panchayat elections are held on the party basis. The present Sarpanch (President) of the village belongs to the National Congress Party and the Upa-Sarpanch (Vice-President) belongs to Shiv Sena. They forget party politics when it comes to the affairs of the Grama Dhanya Bank.

They do not get party politics into the affairs of the Bank. They keep the balance by seeing that all sections of the members get representation on the Board. Caution is taken to see that all parties, and people belonging to different generations get represented on the Board. The cross-membership also takes place where by a village panchayat member will also be a member of the Bank board, and a member of the Board of the Bank will be a member of the co-operative

society. This cross membership is utilised to see that at all the places interests of the village were given high importance.

CONCLUSION

Compared to the time of its inception there are some important changes. The political milieu in which the bank is working has changed. The socialist influence gave place to liberal influences. Even in the criteria of lending also there is change. In the beginning need was the important criterion. Now apart from need the capacity to repay also has become an important criterion. At times this gives an impression that this grain bank has become a bank and its relation to food security needs to be reassessed. At the same time, while future is always uncertain, its achievements cannot be disputed.

Table:1 **MEMBERSHIP IN THE BANK**

Year	No. Members	Share in Quintals	Dividend Distributed in Rs
1990	497	973.34	48,340
1991	486	1015.52	50,670
1992	486	1015.52	50,670
1993	486	1011.46	50,468
1994	477	1031.71	51,490
1995	480	1038.48	51,832
1996	455	1032.19	51,514
1997	477	1093.15	54,545
1998	477	1093.15	54,545
1999	477	1093.15	54,545
2000	479	1070.89	53,433
2001	436	1048.59	52,323

Source: Booklet published in Marathi by Darfal Grama Dhanya Bank

Table:2 **SALE OF JOWAR BY THE BANK IN OPEN MARKET**

Year	Jowar sold in Qntls	Total sale value in Rs	Remarks
1970-1985	3,056.58	5,00,355.50	
1985-1986	- -	- -	Due to drought no distribution
1986-1987	163.85	28,164.21	
1987-1988	- -	- -	Due to drought no distribution
1988-1989	615.00	1,44,417.50	
1989-1990	401.50	1,37,970.00	
1990-1991	540.61	1,21,189.24	
1991-1992	333.00	1,76,964.30	
1992-1993	- -	- -	Due to drought no distribution
1993-1994	335.58	1,28,710.00	
1994-1995	302.00	1,54,500.00	
1995-1996	173.62	1,28,065.50	
1996-1997	111.46	73,506.42	
1997-1998	396.12	2,75,402.74	
1998-1999	- -	- -	Due to drought no distribution
1999-2000	- -	- -	Due to drought no distribution
2000-2001	380.00	1,99,584.50	

2001-2002	455.00	3,19,998.00	
Total	7,264.32	23,88,827.19	

Source: Same as above